G. R. S. 58
Previous references.

File No. 19 – 13

1913

Serial Nos. 30, 35 & 36

(Banking)

Later references.

19–13 & 31 & 38 B. 5. 14 —

19–13 & 49 & 57 —

12–14 – & – 17–18 —

– 16 (20, 24, 31, 32 & 33 —

– 17 & 27 & 33 & 43 B. Aug 18 —

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 30, 35 & 36.

Part B. for April 1914

SUBJECT.

Bank of Mysore Ld.

From the Manager, Bank of Mysore
No 4-1/52 Dt 20.2.14.
forwards copy of resolution of the Board
directors, to apply to govt for a loan at
annum of an amount equal to half th
aidup capital, to meet the requirements of the

To the Manager Mysore Bank
& Comptroller.
No 21426 1-2 Dt 18.3.14.
Sanctions the application of the Bank & rec

GPB 8,000—7-1-07

comptroller to place at the Bank's disposa
as a deposit half the paid up Capital of

From the Manager, Mysore Bank

No 4 $\frac{1}{20}$ Dt 20.3.14

Requests that the deposit ~~may~~ sanctioned
in ₹35 may be treated as of a permanent
character at 3 p.c. payable on the 6
January ~~in~~ each year.

B2-fol
24.4.14

G.R.S. 11] 1913-14

GENERAL AND REVENUE SECRETARIAT.

(Banking

NOTES.

FILE HEADING.

Bank of Mysore Ld.

From The manager, Bank of Mysore Ld.

No. G 1/52 Dated 20-2-14 Received 25-2-14

Diary No. 3363 Enclos. 1 Spare Copies. Serial No. 30

BRIEF ABSTRACT OF LETTER.

Forwards copy of resolution of the Board of Directors passed at their meeting held on the 19th Feby 1914, to apply to Govt for a loan at 3 p.c per annum of an amount equal to half the paid up capital of the Bank to meet the business demands during the busy season as per para T. 40) of the G.O. of the 12th March 1913

NOTES AND ORDERS.

The paid up capital is reported to amount to Rs 7,53,395 on 20th Feby 1914 The Bank requests for a deposit of half this amount is issued by the conditions entered into with the Bank by Govt vide G.O. No. 7 dated the 12th March 1913

General and Revenue Secretariat. | B File No. 19 of 1914.

Serial No.

offered, viz 3 p.c is the minimum
fixed & it is open to Govt to raise
the rate if it is considered that the
Bank is likely to earn a large
profit on the deposit now asked
for after making due allowance
for working charges etc.

2 Further Govt itself is paying 3½%
on Savings Bank deposits & can
obtain 3½ p.c on investments
in Govt securities. In this view
the 3 p.c offered by the Bank is
very low. The 3 p.c minimum
rate was perhaps intentionally
fixed with a view to stimulate
business if it was found lacking
Bank if found thriving it
was apparently to be raised.
to the reasonable rate of interest
provided for in the same clause
4(i) of the F.O of the 12th Inst.

3. The request of the Bank
to be charged interest only on
the sums over ½ lac from lacs to
time & for the time outstanding
in the books of Govt is just
what is reasonable & it is not

General and Revenue Secretariat. | B File No. 19 of 1914.

Serial No.

clear why it should be stipulated
for in the bill
Ref W 4. Yes just the reason when
26/2 the money market is tight and
our investments in the Madras Bank
loan &c. sales mixed. Would it be
advisable if necessary to sell for the
Mysore Bank at a price & loan taken
to the Govt and call for a further
call with a month's notice or in
the meantime the remainder for income
to speak. This is then a matter for
regret that the Bank has not been
able with any Assume enabled
as proved or other deposits. Any
way the loan asked for here is
sanctioned, but as the Government
there is no reason to do so at a
serious loss. At best we may
grant the loan at 3½ & 5 interest.
When it would ultimately mean that
Government would get back their
money & would be available for the
Bank they [illegible] keeping the interest
over undertaking all risks.
Even here we do not at present
for the same rent in the Madras

General and Revenue Secretariat. | B File No. 19 of 1916.

Serial No.

[illegible] the present loan [illegible] the Bank may not be expected [illegible] the Bank itself would be permitted [illegible] the loan at [illegible]. The Bank agrees to [illegible] 3½ [illegible] personally prefer 3½ or 4% on business like the loans. 3,00,000 may be exchanged

[illegible]

2. 3½%

5. (a) Please put up the last "state of affairs statement of the Bank.

(b) Has the Bank got investments? Has it got deposits in any Banks? Or is the whole of its working capital being utilized for banking purposes?

(c) The Bank cannot be allowed money at 3% to earn interest at 5 or 6% by deposit in other Banks. That will not be fair nor in keeping with the spirit of the agreement.

(d) We are getting full 5% for all our money now so I cannot advise any money be given to the Mysore Bank unless they give this rate. Even then I would give if they are really using the whole working capital on

General and Revenue Secretariat. | B. File No. 19 of 1913.

Serial No.

Banking proper.

(c) Another question is how long will they want this extra money? Will they have use for it all the year round? The temporary requirements of a brisk business season should be adjusted by raising the Bank rate & thereby attracting more deposits. Govt funds should be required under the clauses in question only when the Bank will be in a position to use the extra funds all the year round.

2/3/14

6. (a) The last statement of affairs is herewith put up.

(b) The Bank has no investments. It has 2 short deposits of ½ a Lakh and 1 Lakh with the Madras Bank and the Eastern Bank respectively. Out of the working capital more than 9 Lakhs is utilized for banking purposes.

(c) It is not known how long they require this extra money nor whether they will use it all the year round. If necessary this information will be called for

3/3/14

GPB—60,000—7-11-13

R. S. 12]

General and Revenue Secretariat. | B File No. 19 of 1913.4.

Serial No.

URGENT.

7. The deposit asked for by the Bank is admissible under the Govt order of 12.3.1913 and may be made subject to the following conditions:

(a) Interest to be paid at 4% if the deposit is to be of a permanent character or at 5% if it is to be repayable by the Bank to Govt after 31 days notice by the Bank

(b) That the money is required for affording trade facilities within the State.

8. It has to be remembered that the Bank is yet in the first year of its existence - feeling its way in our markets & making the first acquaintance of its customers. ~~Calcutta~~ It has already a working capital of 13 to 14 lakhs most part of which has already been lent out. About 4 lacs of Govt money is already in the Bank without interest. To allow the Bank further large amounts of Govt balance on unduly favourable terms (e.g. at 3%) does not appear necessary or desirable.

Dewan

7/3

Submitted to His Highness.

Paper under disposal

D

The Bank of Mysore have applied to Government for the deposit of half the paid-up capital at 3 per cent interest to meet the demands of merchants in this busy season. Under the rules sanctioning the constitutic of the Bank, the Government have agreed to place such a sum at the disposal of the Bank at a reasonable rate of interest.

Page 6 of the office notes

2. The Financial Secretary considers that the deposit asked for is admissible only (1) if the Bank undertakes to pay interest at 4 per cent when the deposit is permanent or at 5 per cent if the amount is repayable by the Bank after 31 days' notice and (2) if the money is required for affording trade facilities within the State

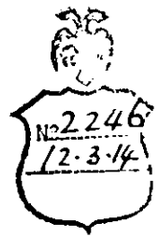
3. The last condition need not be strictly insisted on as the bulk of the Bank's transactions are at present understood to be within the State. As regards the rate of interest, I think we may agree to the 3 per cen proposed by the Bank. It is true our fixed deposits are earning 4 per cent just at present, but they are all plac at the disposal of Banks whose transactions are mainly outside the State. I understand that our deposits, taking all the 12 months of the year, are earning less than 3 per cent. The deposits in the Bank of Mysore will be utilised for promoting trade within the State. We will be doing no special favour as compared with other Banks if we charge about the same average rate to the Mysore Bank. As the amount to be placed with the Bank now is less than 4 lakhs, I see no objection to make the deposit at 3 per cent if it is of a permanent character and at 3½ per cent if the amount is repayable by the Bank after

31 days' notice.

4. I solicit His Highness's gracious sanction to this recommendation.

M. Visvesvaraya
12th Jan. 1914.

Record of Cases submitted for the Orders of His Highness the Maharaja



10

Subject.

Deposit of half the paid-up capital in the Bank of Mysore.

Order.

~~KRW~~

13/3/14

12

Fin'l Secretary

14.3.14 13 RG

Draft attached

14/3/14

General and Revenue Secretariat.

B File No. 19 of 1913.

Serial No.

Draft Sealed.
16/3

14

Issue immediate.
17/3

To the Manager Bank of
Bengal

" Comptroller
Do " FC 4261-2 18-3-14

Sanctions the application of the Bank & requests that the Comptr. at its disposal as a deposit half the paid up capital amount being verified by returns & the records in the office as well as in the Bank, & further states that the dep will carry interest at 3 p. if of a permanent charact or 3½ if repayable by the Ba after 31 days notice.

From the Manager Bank of

R. S. 12]

General and Revenue Secretariat. | B File No. 17 of 1913.

Serial No.

Despatch Ld
Letter No G 79 dated 20-3-14
Regarding that the deposit sanction in G.O No 7L4261-1319-13 dated 18-3-14 may be treated as of a permanent character bearing interest at 3 p.c. per annum payable on 1st January in each year & thanks to forth for the concession.
Sent 15 Returned Received
Dt 23/3 Despatch perused. Note re-submitted to the Dewan also for sign
15
16
Dewan Secretary
8760
8-4-14
11.4.14.
14/4

D. O. No. 1221
Avenue Road,
BANGALORE CITY,
10th March 1914.

My dear Sir,

With reference to our recent conversations I enclose you, it may interest you to read the enclosed copy of a letter written by Mr Rose to the Comptroller - which puts the case clear I hope you will learn from the promised

300 loan (equivalent
to a moiety of the pai
up share capital) at
3% interest
One beneficial effec
of the Bank of Mysor
is already perceptible
in the Multaneous
lowered their rate of
interest to 9% to go
Customers both here
in the Mofussil.

Our business is growing
and we want the
best government
in a legitimate way.

yours sincerely
H. H. Hammond

M. Visvanaya Esqre
C.I.E.
Dewan of Mysore

D.O. No. 18

Comptroller's Office,

Bangalore, dated 8th March 1914.

My dear sir,

I am in receipt of your demi official letter of date regarding Government deposits he Bank of Mysore.

The Bank has ied for two things:--

In the first e it stated that a further instal- ment of capital has been calle since the payment of the last Gover ment deposit and that half the itional capital since called up should be deposited by Governm free of interest. The Assistant Comptroller in charge of the I Department in my office went over personally under my instructic to the Bank's office, inspected the bobks of the Bank with a view find out the exact amount of capital paid up and an order was passe sterday raising the interest-free deposit with the Bank to half paid up capital. Action in respect of this item is therefore comp .

In the second ce the Bank has applied for a deposi of half the paid up capital at interest in accordance with one of *the provisions of the Governme.* rder relating to the Bank. The file in connection with this matter completely noted upon by me yester- day before noon and made over ie Financial branch for submission to you as an urgent matter. I b re the file must be in the Dewan's office by this time and that i in a condition such that orders may be passed at once.

I shall take up the papers connected with both these points to you to morrow and explain matters.

Yours sincerely,

JChakravarti

M. Visvesvaraya Esq., B.A., C.I.E.,

Dewan of Mysore.

7th March 1914

9

Dear Mr. Chakravarti,

With reference to our conversation on the 2nd inst. touching the Bank's investments in "Foreign concerns" and my official application to Government for a loan in accordance with Government Order No.Fl.5121-73-E.9-12-2 I am anxious that Government should clearly understand the Bank's position in these matters and therefore venture to briefly recapitulate in writing the replies I gave you in person. The term "Foreign concerns" so far as it is applicable to this Bank's transactions obviously refers to the Bank of Madras and the Eastern Bank. As concerning the former, there is nothing to say in view of the fact that they are also the Government Bankers, and as to the latter, it is an English Institution like Messrs. Coutts & Co., of undoubted standing presided over by Lord Balfour of Burleigh who enjoys the highest confidence in the city of London not to mention that of the Imperial Government. The Bank's subscribed capital is a million pounds, double that of the Bank of Madras and of which half a million is an uncalled reserve for Depositors. Its financial position is unquestionable and the general management of the Bank is well spoken of. The Rs.60/- paid up shares are quoted in Bombay at Rs.88/- and the Bank from its

working during 1913 have declared a dividend of 6% and transferred to Reserve Rs.2,25,000/- raising that fund to Rs.4,50,000/- in 4 years and carrying forward the substantial sum of Rs.1,22,286.11.0 These figures speak for themselves. I need scarcely dilate on the necessity which exists for the Bank of Mysore to have "foreign concerns" as their Agents in Madras and Bombay and elsewhere. The demand for remittances on these towns is heavy and local merchants who have an import and export business with these ports would cease to deal with us if we did not undertake the sale and purchase of bills on these places. It is therefore absolutely incumbent on us the Bank to maintain good balances at all times at these Agencies to meet sudden demands for drafts or wire transfers or in the absence of such floating balances to keep securities with the Agencies which will permit of the Bank being given temporary overdrafts from time to time.

Then, the matter of placing a percentage of ones demand liabilities in Temporary Fixed Deposits is an ordinary matter of prudence, as well as profit to the Bank and does not necessarily represent surplus funds, in the sense that no local investment can be found for the same.

Further,

In the absence of the temporary investment facilities for ~~the~~ Banks funds, which exist in Bombay and Calcutta, an investment in Fixed Deposits for short periods is the only outlet open to an ~~xxxxxxxxx~~ institution such as the Bank of Mysore, located away from centres of -- active trade &c. The fear that Government funds, obtained at a low rate, would be invested by me in 4 or 4½% -- deposits is groundless from the fact, as stated by me in my application, that I am willing to repay my borrowings when the purposes for which the same were applied no longer exist. Nevertheless, such unnecessary restrictions imposed on a Bank are to be deprecated. The demands of trade are sudden, and at times greater at some centres than others, and it would be throwing away good opportunities if a Bank's operations are restricted only to its own parochial limits. Money will flow to where it ~~xxx~~ commands the greatest value.

As regards the rate of interest to be paid by the Bank, I repeat that I have no desire to make a profit at the expense of the Government, but in view of the fact that the Government of Mysore have invested large sums in 3 and 3½% in Indian Government Paper(Foreign securitie

it is not, I contend, asking too much for the Government to show an equally generous disposition to a local Bank, whose primary function is to afford Banking facilities to the merchants of the State, and to save them from the rapacious Multaneers &c. Anyhow, all the profit that accrues to the Bank remains in the State. I see little chance at present of the employment of funds outside the State. The local demands for Banking facilities cannot be -- adequately met by me, from the funds now at my disposal, but there may be a time when I shall be glad to earn ~~4%~~ outside the Deccan State, and in such a contingency I only ask Government to have sufficient confidence in the Directors and the management that they will invest such surplus funds with all prudence and judgement.

Yours sincerely,

(Signed) D. Cassels

DFB/ Manager.

P.S. You will be pleased to hear that the Eastern W^n have sent us, in the last few days, close upon a lac of bills for Collection on Kerr & Co. These are bills of local merchants in favour of Multani firms, forwarded by the latter to Bombay for discount —

Bangalore,

8th March 1914.

To

Dewan Bahadur

J.S.Chakravarti Esq., M.A.,

Financial Secretary,

Bangalore.

My dear Sir,

I understand that the Bank of Mysore ~~Bank~~ have applied to you for a deposit from Government and that there has been some delay in complying with their application on account of ~~some~~ differences of opinion as regards the amount to be deposited, rate of interest &c.,

Will you very kindly send for the orders of Government tomorrow a statement showing precisely what the Bank have asked for; what the agreement entitles them to; and what you are prepared to approve ?

Yours sincerely,

K.C.

8.3.14 Dewan.

D. O. No. 1482

Bangalore,

10th March 1914.

My dear Sir,

I am very sorry I was not in when you kindly called in yesterday.

Many thanks for your letter after our late conversation this date. I called for the papers and have taken all necessary action. I hope to be able to write to you in a few days.

Yours sincerely,

10.3.14

Rajasabha Bushana Dewan Bahadur
K.P. Puttanna Chetty, Esq.,
Chairman,
Bank of Mysore, Bangalore

TH EDITION A B C.
CATIONS TO BE ADDRESSED
THE MANAGER.

No. G 1/5

The Bank of Mysore, Ltd.,

Bangalore, 20th Feb. 1914

The Financial Secretary to the Government of Mysore,
Bangalore.

No 3363

Sir,

With a view to successfully meeting the demands of merchants and others during the busy season, now at hand, and which the Bank are not in a position to cope with from its present limited resources, I am directed by the Directors to request you to be good enough to ask the Government of His Highness the Maharaja of Mysore to kindly place at the early disposal of the Bank, under para 4(i) of Government Order No.Fl.5121-73/B.9-12-2 dated 12th March 1913, a sum equal to half the paid up capital of the Bank at 3 per cent per annum. It is understood that interest will be charged only on the sums received by the Bank from time to time, and for the period during which the same are outstanding in the books of the Government.

The Paid up capital of the Bank, as on this date, amounts to Rs. 7,53,395/-

An extract of the Boards resolution is herewith sent.

I have the honor to be
Sir,
Your most obedient servant,

Extract from the minutes of the meeting of the Board of Directors of the Bank of Mysore, Limited, held o Thursday the 19th February at 4-30 P.M.

" On a full consideration of the present needs of t "Bank to meet the business demands of merchants, durin th "busy season, the Board resolved to apply to Government f "a loan at 3 per cent per annum of an amount equal to half "paid up capital of the Bank under para 4(i) of Governmer "Order No.Fl.5121-73-B.9-12-2 dated 12th March 1913."

True Extract

Manager

G.R.S. 28] 43

File No. 19

Serial No. 35

Diary No. of letter replied to 3363

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.

Bangalore

, *the* 191 .

READ— Letter No $\frac{L}{52}$ dated 20-2-14 from the Manager, Bank of Mysore Ltd applying ~~for sanction~~ for a deposit of half lac ~~Rupees~~ paid up capital @ 3 p.c interest under para 4 (i) of f.o No 7(5721-73 dated 12-3-1913 & 39-12-2 & mark the demands of merchants & the public over.

Date of issue 18-3-14

Signed by W L Nara Simhaiah

ORDER THEREON.—NO.

SUBJECT.

1 — order Treasury — No 98426 1-2

~~As the Deposit is to be utilised for promoting trade within the State~~ dt 18 March/14

Govt are pleased to sanction the application of the Bank & direct the Comptr to place at the disposal of the Bank (as a deposit) to help the paid up capital the amount being limited by returns & the sums ~~Books~~ in his office as well as in the Bank. The deposit will carry interest at 3 p.c if it is of a permanent character & 3½ p.c if repayable by the Bank upon 31 days' notice

Dr
17/3

H Secy to Govt

210-17

To The Manager Bank of Bengal
Comptroller

CODE-5TH EDIT 3.. A.B ..
ALL COMMUNICATIONS TO BE ADDRESSED TO THE MANAGER.

No. 9 1 / 20.

The Bank of Mysore, Ltd.,

Bangalore, 20th March 1914

The Financial Secretary to the Government of His Highness the Maharaja of Mysore,
Bangalore.

Dear Sir,

We are in receipt of your letter dated 18th March 1914, No.Fl.4261-2/L.19-13-31 conveying the orders of the Government of H.H. the Maharaja of Mysore in reference to our application dated 20th February 1914 for a deposit of half the paid-up capital of the Bank at 3% interest under para 4(i) of Government order No.Fl.5121-73/139-12-2 dated the 12th March 1913, and in reply, we beg to state that the deposit in question may be treated as of a permanent character bearing interest at 3% per annum payable on the 1st January in each year.

We take this opportunity to tender our thanks to the Government of His Highness the Maharaja of Mysore for so graciously meeting our request.

Yours faithfully,

Manager.

DRL/